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U.S.-Canada trade barriers could ease, CIA aide says

By Chris Cobler
GT Staff Writer

President Reagan and Canadian Prime Minister Brian Mulroney are planning to discuss the elimination of trade barriers between their countries, but will not say that is what they are doing, a CIA expert on Canada predicted Thursday in Colorado Springs.

"I think you'll see language in the communique of Quebec City about trade-enhancement measures," the expert, Willis Armstrong, told the World Affairs Council at the Broadmoor Hotel. "But I do not think you'll see the words 'free trade.'"

The movement toward free trade is expected to be high on the agenda of Mulroney's March 17-18 meeting with Reagan in Quebec City.

However, free trade with the United States can be a highly charged issue in Canada, Armstrong said.

"Canadian businessmen want assured access to American markets, but the same access of Americans to the Canadian market kind of scares them," Armstrong said.

Thus the Canadian govern-



Willis C. Armstrong

ment is avoiding the "free trade" label, he said.

Canada has strong incentives to reduce trade barriers, Armstrong said. Most experts agree the best chance for Canadian economic growth is in the United States, he said.

Canada needs that growth to combat its budget deficit and its high unemployment rate, he said.

"If you look at the problems

faced by Canada, they're not easy," Armstrong said. "Canada has a budget deficit which in relative terms is worse than ours."

Mulroney is expected to decide in June whether to begin bargaining with the Americans. If he decides to bargain, Armstrong said, it could take years to work out the details.

On other matters, the relationship between the United States and Canada remains, as usual, "relatively good," he said.

Mulroney's Conservative Party swept the country in the September 1984 elections, moving Canada even closer to the political leanings of the Reagan administration, he said.

Mulroney would like to cut social-welfare payments and increase defense spending, but he faces the same problem as Reagan when faced by a budget deficit.

"They don't have any more mirrors in Canada than we do here," he said.

But Mulroney was elected partly on the promise of improved relations with the United States.



Willis C. Armstrong

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CIA man chides Canadian attitudes

By Roseanne Simberiski
Colorado Springs Sun

Some Canadian businessmen want "to have their cake and eat it too" with assured access to the American market, a Central Intelligence Agency employee said Thursday.

While Canadians want more U.S. investments, they are "scared" of a reciprocal guarantee of American access to the Canadian market because it threatens their independence, Willis C. Armstrong said.

Armstrong, a former assistant secretary of state for economic affairs, detailed recent Canadian events during a luncheon meeting of the Colorado Springs World Affairs Council at the Broadmoor Hotel.

which he took part in a discussion about Canada and the United States — "Toward the 21st Century: Conflict or Cooperation?"

Armstrong called the September 1984 election of Canadian Prime Minister Brian Mulroney "a remarkable event for Canada" and said Mulroney "wants to turn around ... the inhibition against American capital coming into Canada."

The election of Mulroney, a Progressive Conservative, ended 16 years of Liberal rule, interrupted only by a nine-month minority Conservative government.

Attracting U.S. investments is one of Mulroney's major efforts, but, Armstrong cautioned, Canada's eco-

"Canada does have a real problem in this regard (trade). It does need access for industrial goods and services."

"It can't really expect to continue on a totally independent course in the world economically because the world does not work with totally independent economies."

Armstrong said Mulroney shares some of the same problems as President Reagan — such as revitalizing the economy, balancing the budget and increasing defense spending.

The prime minister met with Reagan before and after the Canadian election.

Calling the United States and Canada "the two greatest bilateral trading

partners" will be discussion on trade barriers between the two countries.

Armstrong said the meeting is important to maintain "friendly and improved" relations between Canada and the United States.

He said he thought the meeting would deal mostly with "trade enhancement" than with free trade and said it would take "several years to sort out" trade relations with the United States.

"In our relations with Canada, which are always reasonably good — sometimes better than reasonably good — we look forward to a friendly and comfortable relationship on a basis of travel, on a basis of investment and to a large extent on the basis of trade, but there will always be